

Sales and Use Tax – Taxable Price – Exemption for Trade In Value of Portable Electronics

Consumers in Nevada are paying sales tax on more than they are actually spending on personal electronic devices. Unlike most states, Nevada requires consumers to pay sales tax on the full price of consumer electronics, without accounting for the trade in allowance given by the retailer for the trade in of the old device.

Essentially, consumers in Nevada are paying sales tax twice on the same device – first when the device is purchased and again when it is traded in for a new device. This is a double taxation on consumers.

Unlike Nevada, in most states consumers are paying sales tax only on their cash outlay for the device. Neighboring and nearby states are among those allowing an offset for trade-ins, including Idaho, Utah, Colorado, and Arizona.

This bill would bring Nevada into alignment with over thirty other states by allowing an offset of the trade in value of personal electronics from the taxable price for purposes of the State sales and use tax.

Although Nevada does not allow a trade in to be offset against the sales tax, Nevada does allow an offset against the for the value of trade-ins of motor vehicles, so there is precedent in Nevada law for trade-in offsets.

Personal electronic devices have become ubiquitous in our world and are all but essential to our daily lives. Making this change is good for the Nevada economy and beneficial to so many consumers in the state.

The benefits of allowing this offset include:

- Saving consumers money on devices that are essential to daily life including employment and education;
- Because the sales tax is a regressive tax, allowing this offset will more significantly benefit lower income consumers;
- Protecting consumers and businesses from double-taxation on personal electronic devices;
- Incentivize further the trade-in of electronics (which prevents these products from ending up in landfills and increases sales for retailers); and
- Encouraging business and spending within the state versus going to a neighboring state to purchase these devices.